



U.S. Department of Justice

*United States Attorney
Northern District of New York*

100 South Clinton Street

*Room 900; P.O. Box 7198
Syracuse, New York 13261-7198
(315) 448-0672*

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NEWS RELEASE

United States Attorney Richard S. Hartunian today announced the sentencing of a Syracuse woman on charges of mail fraud.

On August 19, 2009, CHERYL A. NELLI, 55 of Syracuse, pled guilty to mail fraud. The charges stem from her employment with Dairylea Cooperative, Inc., 5001 Brittonfield Parkway, Syracuse. Dairylea is a farmer owned agricultural marketing and service organization with more than 2,300 member dairy farms located throughout the northeast.

Dairylea provides a service to its farmer-members in which Dairylea, if requested, will pay third parties directly on behalf of its farmer-members. The third party payments are made by issuing Dairylea checks to mortgage holders, vendors, etc. on behalf of the farmer-members. For example, if a farmer-member owes monthly mortgage payments, Dairylea would, at the request of the farmer-member, make those payments directly to the mortgage holder on behalf of the farmer-member. The farmer-member would then receive his milk payment due, less the mortgage payment amount.

Beginning in 2002 and continuing through on or about May 1, 2009, NELLI devised and

executed a scheme to defraud Dairylea and its farmer-members. She executed the scheme by exaggerating and inflating the milk payments due from Dairylea to its farmer-members. Relying on NELLI's fraudulent calculations, Dairylea issued checks to farmer-members and third parties who she represented to be authorized to receive payments. Some of these third party checks had not, in fact, been authorized by farmer-members. Specifically, NELLI caused Dairylea to send these checks directly to her or to bank accounts and credit card accounts which she controlled, including accounts at Chase Manhattan, Bank of America, CitiCard, American Express, AT&T Universal Card, VISA, Citifinancial Retail Services, and Chase Card by fraudulently representing that the checks were being issued to pay authorized third parties on behalf of the farmer-members. Through the manipulation of the internal Dairylea financial records, NELLI misappropriated \$595,260.00.

NELLI was sentenced before United States District Court Judge David N. Hurd in Utica to serve a 41 month term of imprisonment, followed by three years of supervised release. She was also ordered to pay restitution in the amount of \$595,260.00.

The case was investigated by the Federal Bureau of Investigation and prosecuted by Assistant U.S. Attorney Edward R. Broton.